

Reserve

Recommended Plans For

Reserve

Extension Support of Federal Crop Insurance Program

- o
- (1) Objective: To inform farmers about the needs, purposes, underlying principles, over-all policies and important features of the Federal Crop Insurance Programs and to help them to take advantage of the opportunities thus provided.
- (2) Situation: In 1938, Congress created the Federal Crop Insurance Corporation for the purpose of insuring farmers against all natural risks of farming as a means of protecting their income. Starting in 1939 with coverage on wheat, the Corporation has now expanded to include cotton and flax, as well as wheat on a national basis. Corn and tobacco are now in the experimental stage and will finish their third and final year as trial crops in 1947. After that the experimental results will be analyzed carefully and reported to Congress. Other major commodities can be added on an experimental basis from time to time. Insurance this year covers 553,287 farms as follows: 380,000 wheat farms, 135,887 cotton farms, 12,500 flax farms, 15,400 tobacco farms, and 9,500 corn farms. The crop insurance program is still in the formative stage and still needs to accumulate considerably more experience to place it on a sounder footing. Also insuring of their crops is still relatively new or even untried for most farmers. It has not yet become the established consistent practice that insuring against fire has become over a period of 50 to 100 years.
- (3) Problem: Participation in the program is not sufficiently large or representative to approach a distribution of risks sufficiently representative of all farms to carry out Congressional instructions to formulate a program that will pay its own losses. Until 1945 no crop had shown a favorable balance. During that year wheat, flax, and tobacco paid their own way. Unfortunately, a large loss on cotton and a slight loss on corn more than overbalanced the gains on the other crops, with the result that the whole program was in the red. Problem, then, is to widen crop insurance participation to the point where it will become at the minimum self-supporting to the Government, and at the maximum an insulation against natural risks for all farmers who are entitled to such protection.
- (4) Proposed Plan of FCIC: The problem presented requires, as a part of its solution, the development of a two-way educational channel: (1) Education of producers regarding Federal Crop insurance; and (2) farmer education of the FCIC on ways in which insurance protection can be improved from the practical standpoint of the insured. To enable more farmers to take advantage of crop insurance, the FCIC has started an intensive

MAY 12 1948

educational campaign which will try to reach every farmer who grows an insurable crop. Part of this campaign will be carried on through the direct contact with farmers of the FCIC sales agents, who are employed by the county committee of the Field Service Branch (AAA) of the PMA. However, the FCIC realizes the importance of mass communication media and has asked other agencies, organizations, and business groups interested in the farmers' welfare to aid in telling the story of crop insurance. The Farmers' Home Administration (FSA) and the Farm Credit Administration are already integrating crop-insurance education in their programs. Farm machinery manufacturers and dealers, oil companies, fertilizer dealers, banks, and other business interests dealing with farmers are lending their cooperation. The Cooperative Extension Service, with all its facilities for reaching farm people, is also requested to continue and further strengthen its cooperative support to this insurance program, so important to rural welfare.

- (5) How the Cooperative Extension Service Can Help: The Federal and State Extension services can prepare specific plans for using the various educational and information media at their disposal for seeing that the farmers concerned are fully acquainted with the key features and advantages of crop insurance. This is the educational part of the program.

It would be desirable for extension workers to avoid criticism and any possible embarrassment by conducting educational work on the needs, purposes, and underlying principles of crop insurance rather than attempting to explain the details of the program which would require constant study on their part. Actual selling and writing of insurance are, of course, the responsibilities of the Field Service Branch county (AAA) committeemen. County agents, as members of the county committee, can take an important part in planning the local sales campaign by providing advice and suggestions on methods to follow.

The following points, developed by the FCIC, are offered as illustrative of the kind of general educational support that the Cooperative Extension Service can give to the crop insurance program:

- (a) Crop insurance meets an economic need of farmers, providing protection of the investment in the crop if loss occurs early enough for the land to be used for another purpose and is a guarantee of a minimum income if the crop is harvested.
- (b) It is as important for farmers to be protected against crop losses as it is to be protected against price risks.
- (c) Crop insurance protects the farm budget and provides a means for carrying out a long-time farm plan such as is

developed in farm unit demonstrations.

- (d) Possible inequities in the program, including yields or rates, are more than offset by the protection offered.
- (e) Crop insurance should be considered for the protection it offers and not for possibility of getting back more than the premium paid. Should be considered in the same manner as fire insurance -- for protection and not for gain.
- (f) Many farmers need only the protection offered by low coverage which is a hedge against catastrophe loss.
- (g) Crop insurance was authorized by Congress and is a part of the Department of Agriculture program.
- (h) No individual or small group should decide for the farmers of the county that the insurance program does not fit -- individual farmers through education should be placed in a position to decide for themselves whether or not they want insurance.

The Federal Extension Service, then, can contribute to a better farmer understanding of the program by doing the following:

- (a) Every effort will be made to keep State extension services informed through letters, house organs, and similar mail contacts, as well as through direct field contact, on the administrative specialist, and editorial fronts, of developments in the crop insurance field.
- (b) State extension services will be encouraged to strengthen their educational programs in this field in accordance with the importance of the insurable commodities in their States. Plans for educational effort in this direction should be prepared in cooperation with State PMA and State FCIC directors to obtain maximum coordination possible of various forces working on this program.

(6) Methods to be Used by the Extension Service:

- (a) A special letter from Director Wilson to State extension directors can suggest a course of educational action.
- (b) Director Wilson's weekly letter to State extension directors can call attention to the importance of crop insurance, encourage renewed educational support of the program, and advise directors from time to time regarding new developments, adjustments, changes, or accomplishments of the program.

- (c) Similar support can be given in communications to economic specialists, State extension supervisors, and extension editors by the Federal Extension operating divisions.
- (d) Arrangements can be made with State Extension services for the distribution of publications on crop insurance to all county agents concerned and for use by them in their educational work with farmers growing insurable crops.
- (e) Articles can be carried in the Extension Service Review which goes to all State and county extension workers.
- (f) Encouragement, aid, and guidance will be given through personal contact between field agents of the Federal Extension Service and the directors, economic specialists, and editors in the States.

(7) Key materials and Services Needed from FCIC:

- (a) A carefully prepared brief fact sheet giving the current status of the crop insurance program, policies governing it, and procedures for carrying out the program.
- (b) An official letter from the PMA Administrator or FCIC Manager to Director Wilson transmitting this fact sheet, pointing out ways in which Extension can contribute to the success of the program, and inviting its continued and expanded participation in educational support.
- (c) Popular materials, such as leaflets, flyers, and motion pictures that can be used to support an educational program of this character.
- (d) An article, by-lined by Director Geissler, giving information about crop insurance objectives and policies, for use in the Extension Service Review.
- (e) Designation of an FCIC staff member as the person responsible for keeping a designated extension staff member informed about new developments and the latest crop insurance information so that they can be given proper coverage in communications to State extension services.
- (f) In addition to the above, it is suggested that, if funds and personnel permit, the FCIC arrange a series of intra-regional conferences on tobacco, cotton, wheat, corn, etc. To these conferences could be invited interested parties, including, among others, extension directors, a few extension district agents, one or two county agents from each State, and one or two farmers from each State. At such meetings Director Geissler or his representative could explain the background of crop insurance, the objectives,

plans, procedures, and programs. It would be good public relations technique if he discussed these in his frank way, outlining the weaknesses as well as the strengths, and to invite suggestions. We need to know exactly why crop insurance is not succeeding at present and what steps need to be taken to make it succeed. There is too much at stake for the farmer to permit this program to coast along without taking positive action to determine wherein we can strengthen it and stop it up. An educational and promotional campaign will not succeed unless the program is workable and acceptable to farmers. The committee believes that such conferences are important and recommends that Director Geissler give them serious consideration. We stand ready to cooperate in organizing them.

- (g) It is further pointed out that an intensive educational campaign is required to get the crop-insurance program across to farmers. Such a program must be carefully planned with due consideration of all of the public relations angles involved. It is suggested, therefore, that the FCIC request and draw upon the full resources of the U.S.D.A. and PMA information offices, in addition to Extension, to help in planning and carrying out a coordinated drive.

Committee:

W. B. Stout
C. E. Potter
C. A. Sheffield
Karl Knaus
P. V. Kepner
Sam Lyle
Lester A. Schlup, Chairman

